

115TH CONGRESS  
1ST SESSION

# S. 2126

To amend the Sarbanes-Oxley Act of 2002 to provide a temporary exemption for low-revenue issuers from certain auditor attestation requirements.

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## IN THE SENATE OF THE UNITED STATES

NOVEMBER 15, 2017

Mr. TILLIS (for himself and Mr. PETERS) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To amend the Sarbanes-Oxley Act of 2002 to provide a temporary exemption for low-revenue issuers from certain auditor attestation requirements.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Fostering Innovation  
5       Act of 2017”.

1 **SEC. 2. TEMPORARY EXEMPTION FOR LOW-REVENUE**  
 2 **ISSUERS.**

3 Section 404 of the Sarbanes-Oxley Act of 2002 (15  
 4 U.S.C. 7262) is amended by adding at the end the fol-  
 5 lowing:

6 “(d) TEMPORARY EXEMPTION FOR LOW-REVENUE  
 7 ISSUERS.—

8 “(1) DEFINITIONS.—In this subsection—

9 “(A) the term ‘average annual gross reve-  
 10 nues’ means the total gross revenues of an  
 11 issuer over its most recently completed 3 fiscal  
 12 years divided by 3;

13 “(B) the term ‘emerging growth company’  
 14 has the meaning given the term in section 3 of  
 15 the Securities Exchange Act of 1934 (15  
 16 U.S.C. 78c); and

17 “(C) the term ‘large accelerated filer’ has  
 18 the meaning given the term in section 240.12b–  
 19 2 of title 17, Code of Federal Regulations (or  
 20 any successor regulation).

21 “(2) LOW-REVENUE EXEMPTION.—Subsection  
 22 (b) shall not apply with respect to an audit report  
 23 prepared for an issuer that—

24 “(A) ceased to be an emerging growth  
 25 company on the last day of the fiscal year of  
 26 the issuer following the 5-year period beginning

1 on the date of the first sale of common equity  
2 securities of the issuer pursuant to an effective  
3 registration statement under the Securities Act  
4 of 1933 (15 U.S.C. 77a et seq.);

5 “(B) had average annual gross revenues of  
6 less than \$50,000,000 as of its most recently  
7 completed fiscal year; and

8 “(C) is not a large accelerated filer.

9 “(3) EXPIRATION OF TEMPORARY EXEMP-  
10 TION.—An issuer ceases to be eligible for the exemp-  
11 tion described under paragraph (1) on the earlier  
12 of—

13 “(A) the last day of the fiscal year of the  
14 issuer following the 10-year period beginning on  
15 the date of the first sale of common equity se-  
16 curities of the issuer pursuant to an effective  
17 registration statement under the Securities Act  
18 of 1933 (15 U.S.C. 77a et seq.);

19 “(B) the last day of the fiscal year of the  
20 issuer during which the average annual gross  
21 revenues of the issuer exceed \$50,000,000; or

22 “(C) the date on which the issuer becomes  
23 a large accelerated filer.”.

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